

IMPROPER ACTIONS BY CHARLES PARISH

MAJORITY STAFF REPORT COMMITTEE ON GOVERNMENT REFORM

In May 1999, the Committee first heard allegations from Johnny Chung regarding bribery, visa fraud, and other irregularities at the U.S. Embassy in Beijing. After hearing these allegations, the Committee began an investigation into the matter. The Committee has learned that the Embassy's former First Consul and Secretary, Charles M. Parish, was apparently engaged in widespread wrongdoing at the Embassy. Mr. Parish's malfeasance ranges from apparent bribery, to improper receipt of gifts and gratuities, to violation of Embassy rules regarding fraternization with Chinese citizens. Mr. Parish has declined to submit to a voluntary interview by Committee staff, and has been subpoenaed to appear at Thursday's hearing. In press accounts, Mr. Parish denied the most serious allegations against him, but admitted to an "appearance of impropriety."

I. EVIDENCE THAT PARISH GRANTED VISAS TO PARTIES THAT PROVIDED HIM WITH MONEY, GIFTS, AND OTHER GRATUITIES

There is substantial evidence that Charles Parish issued visas to parties that provided him with money, gifts, and other gratuities. Despite numerous specific allegations against Parish, only a few of these allegations have been investigated by the State Department.

A. Allegations Made by Johnny Chung

At a hearing on May 11, 1999, Johnny Chung made a number of charges against Charles Parish. Chung met Parish in early 1995, when he was trying to get a visa for He Yun Jei, Chairman of the Haomen Beer Company, to come to the United States. Chung and Parish soon developed a close relationship in which Chung obtained visas from Parish, and Parish obtained favors from Chung. Chung estimated that Parish approved between 25 and 30 visas for his business associates. It was so easy for Chung to get visas through Parish that Chung soon found himself spending more time than he liked handling visa requests. Because he did not want to handle these requests, Chung closed his Beijing office, and terminated his relationship with Parish. Chung's allegations, if true, constitute clear visa fraud on the part of Charles Parish.

- **Chung Witnessed Parish Being Provided Cash for Visas:** At his Beijing apartment in 1995, Chung witnessed the Chairman of the Haomen Beer Company give Parish a bag containing bundles of Chinese currency along with several Chinese passports that needed to be stamped with U.S. visas. While Chung only briefly saw the cash, he estimated that the shopping bag contained a bundle and a half of notes that might have totaled \$15,000.
- **Chung Took Parish to a DNC Event:** Chung told the Committee that in September 1995, he took Parish, and Parish's sister and girlfriend, along with Mr.

He and Mr. He's girlfriend, to a DNC fundraiser in Los Angeles. Chung took Parish and his guests to a private VIP reception with President Clinton. Attendance at this fundraiser cost a significant sum of money (a total of \$20,000 for the entire group), and Mr. Parish was allowed to attend free of charge by Chung. By accepting these tickets, Mr. Parish accepted a valuable gratuity from a party interested in receiving visas from him. Additionally, at this event, Parish insisted that Mr. He and Mr. He's girlfriend have their pictures taken with President Clinton. This request resulted in the DNC soliciting Chung for an additional \$70,000.

- **Chung Issued Letters of Invitation to the U.S. for Girlfriends of Parish:** Chung told the Committee that at Parish's request, Chung invited Chinese citizens who were Parish's girlfriends to visit the U.S. Such an invitation letter is necessary for a Chinese citizen to receive a visa. This request shows another example of Parish receiving something of value from a party interested in receiving visas from him.
- **Chung Provided Funds for Computer Training for Parish's Secretary:** At Parish's request, Chung provided computer training to Liping Yang, Parish's secretary. Providing this training cost Chung \$500.
- **Chung Provided Tuition Money to Friends of Parish:** Chung has informed the Committee that in 1995, he and Parish were riding in a car, when Parish demanded that Chung pay the tuition for a Chinese student who was attending school in the United States. According to Chung, Parish told Chung "you do it, and you do it now." Chung understood Parish's demand to mean that Parish would not continue to issue visas for him if he refused to pay. Accordingly, Chung immediately asked his wife to get a cashier's check, and take it to the registrar at California State-Los Angeles. The tuition money that Chung paid amounted to between \$7,000 and \$8,000.

B. COFCO and BNU

The Committee has learned that Parish received gifts and gratuities from China National Cereals, Oils, and Foodstuffs Import and Export Corp. ("COFCO"), and its wholly-owned subsidiary, BNU Corp. COFCO is a Chinese state-owned conglomerate, and BNU is a real estate company operated in Phoenix, Arizona, by Elizabeth Mann. COFCO and BNU sponsored a number of visa applications, as officials from COFCO frequently visited BNU in Phoenix. Mann cultivated a relationship with Charles Parish as a way of ensuring that COFCO officials received visas from the Embassy.

- **COFCO Gave Gifts to Parish:** Committee staff has interviewed the former Vice President of COFCO, Jay Ding, who was present when Mann presented Parish with a number of gifts. Ding is not aware what the gifts were, but saw Mann pass an envelope and several wrapped boxes to Parish while Parish was dining with COFCO and BNU officials in both Beijing and Phoenix. Ding also informed the

Committee that Mann mentioned a gold Rolex watch, and \$2000 in casino chips in connection with Parish, although he is not certain that she gave either to Parish, and he was not present for any exchange.

- **Free Accommodations given by COFCO:** It is clear that Parish received some valuable gratuities from COFCO. In 1995 and 1996, Parish took vacations from his work at the Embassy and traveled in the United States. On one occasion, Parish was accompanied by two Chinese women, Ting Ji, and Liping Yang. Parish stayed for one week at the Palm Country Club, condominiums in Norwalk, California, owned by COFCO. Parish also stayed for another week at the Gloria Park Village, condominiums in Las Vegas, also owned by COFCO. Witnesses have also informed the Committee that Parish also stayed free of charge at another COFCO property in Scottsdale, Arizona. According to Jay Ding and other witnesses who worked at COFCO, Parish received luxury accommodations while staying at COFCO properties. (Attachment 1.)
- **Stacks of Cash in Parish's Room:** The Committee also learned from Jay Ding that while Parish was staying at COFCO's Palm Country Club in Norwalk, California, a cleaning lady who was cleaning his room found stacks of cash, approximately \$10,000, in the room. She reported this to her supervisor, who in turn told Elizabeth Mann. Mann told the property manager to keep the housekeeper out of Parish's room. Later, Mann attempted to provide additional explanation to the property manager by telling her that it was not unusual for Chinese to travel with a lot of cash.
- **Parish Processed Visas at COFCO's Request:** There is also evidence that Parish processed visas at the request of Elizabeth Mann. Several e-mails were found in Parish's office indicating that Mann asked Parish to help issue a visa for Fuli Lin, the Vice Chairman of BNU, (Attachment 2) and that Lin successfully obtained his visa with Parish's help. (Attachment 3.) There may have been many more instances of Parish issuing visas at Mann's request, but because most of Parish's records were destroyed by the Embassy's Regional Security Officer ("RSO"), there is no way of definitively proving he did so.
- **Ties Between COFCO and the Chinese Military:** It should be noted that COFCO and Elizabeth Mann have extensive ties to important figures and entities in the Chinese military. COFCO's Palm Country Club property in Norwalk, California, is owned jointly with Dynasty Holdings, a company owned by the Chinese army. According to former COFCO employees, Mann and COFCO have extensive dealings with Dynasty Holdings, Poly Technologies, and Robert Ma. Ma and the two companies were involved in a plot to illegally smuggle Chinese-made AK-47s into the U.S. in 1996. Ma fled the U.S. before he could be indicted, and returned to China. Mann is also close friends with Wang Jun, who is a son of a former Chinese Vice President, and head of one of China's largest conglomerates, CITIC. Wang Jun has close ties to the Chinese military, and attended a White House coffee that was arranged by Charlie Trie in February

1996. These ties between Parish, COFCO, and these Chinese military figures have never been investigated by the State Department.

C. Velur Investments

Parish processed a number of visa applications for Velur Investments, a firm that worked with wealthy Chinese who wanted to purchase property in the U.S. Parish was in frequent contact with James Gotcher, an attorney for Velur. While there is no hard evidence that Parish made improper requests of Velur officials, after Parish had departed the Embassy, a Velur employee made a disturbing allegation against Parish. (See Attachment 4.)

The State Department memo indicates that in March of 1998, Cynthia Bushman of Velur Investments, met with Dennis Halpin, Parish's successor as head of the non-immigrant visa section. Bushman told Halpin that she wanted to work with him in obtaining visas, but that she wanted to be "above board and follow proper procedures, especially after what happened with your predecessor [Parish]." When Halpin asked what had happened, Bushman explained that there was a Filipino-American in California who had worked on visa processing with Parish, and so "a lot of people in California are aware of what happened." When Halpin asked specifically what she meant, Bushman stated "visas for S-E-X."

The Committee has received no evidence that the State Department or the Office of Inspector General has followed up on the allegations made by Ms. Bushman. Another troubling fact is contained in the memo – it is titled "*Another* Report on Past Visa Malfeasance" (emphasis added). While this is the only memo of its type that was produced to the Committee, it appears that Mrs. Bushman's charge was not the first of its kind received by the Embassy.

D. David Chen

In September 1995, David Chen of the Chinese-American Association in San Francisco, wrote to Ambassador Sasser. (Attachment 5.) In his letter, Mr. Chen stated that while he was in Beijing, he heard many complaints about the visa section in the U.S. Embassy. Chen stated that:

"[s]ome of your employees sell the visa to the citizen of China, the others receive bribe [sic]. This is involved [sic] not only the Chinese translators but also the vice consul. They received the money and the valuable gift from the Chinese persons who eagerly want to get visa to America for varies reasons including the economic criminal [sic]. The price of each visa is from \$20,000 to \$30,000 (U.S. Dollars). . . ."

While Parish's position was Consul and First Secretary, it is likely that the allegations refer to him. When questioned by Committee staff, RSO Schurman stated that the only allegations of visa fraud that he was aware of were those made against

Charles Parish. The Committee has not seen any evidence that the State Department followed up on this lead or attempted to contact Mr. Chen.

E. Allegations by Guo Hai Fan

In 1998, the Office of Inspector General (“OIG”) received information about potential wrongdoing by Parish from Guo Hai Fan, an illegal immigrant who was detained at the U.S.-Canadian border. (Attachment 6.) During an interview with OIG and INS, Fan stated that in December 1995, he had the opportunity to purchase an L-1 visa when he was in China. Fan stated that he was offered this opportunity by a Chinese government official named Feng Li. Li and Fan met Guangqian Zhao, a Chinese employee at the U.S. Embassy. Zhao told Fan that the visa could be purchased for \$7,000. Zhao also told Fan that she could obtain the visa with the help of “Paul,” an American visa section employee. Fan declined to purchase the visa from Zhao.

While this information referred to an employee named “Paul,” it is possible that it nevertheless refers to Parish. Zhao told Fan that “Paul” was black, and according to the Embassy’s RSO, Parish was the only African-American employee in the visa section. The Committee did not receive any evidence that the OIG followed up on this information by interviewing Zhao.

F. SINOPEC

One of the companies that Chung obtained visas for was SINOPEC, the Chinese state-owned petrochemical firm. Among the documents that was found in Parish’s office was a letter from SINOPEC, thanking Parish for his help, and offering him a trip, courtesy of SINOPEC. (Attachment 7.) The letter states:

It was my great pleasure to be introduced to you during the dinner we had in Beihai Park. . . . Actually I heard about you long ago, and was especially grateful to you for the convenience you had created prior to our last trip to your esteemed country. . . . As remarked by Mr. Yan Sanzhong, Vice President of SINOPEC, we appreciate the great support you’ve provided our company over the years, and we would be very hoared [sic] if we are given a chance to reciprocate it. . . . [O]ur production facilities will be kept open to you and your colleagues at the U.S. Embassy at any time. Besides, we’d feel even more happy to host you [sic] a boat trip to the Three Gorges.

We have not learned definitively whether Parish accepted this offer to go to the Three Gorges, courtesy of SINOPEC. However, Paul Horowitz, one of the junior officers under Parish, did tell the Committee that Parish was invited to go to the Three Gorges by one of his friends. However, when Parish returned to work, he was disappointed, because rather than taking him to the Three Gorges, his friends had taken him to a series of business banquets in Beijing. Horowitz believes that Parish’s friends would do this as a way of showing their influence with an important American official.

If Parish went on the trip, it would be a clear case of improperly accepting a valuable gift from a party who was receiving visas from Parish. Even if he did not go on the trip, the letter from SINOPEC demonstrates a disturbing degree of friendliness between a Chinese state-owned company and a U.S. visa officer.

G. Birthday Party

A number of witnesses have told the Committee that Parish attended a birthday party in January 1996 held in his honor by Guang Hua International, a local Chinese real estate company. The party was held at the Guang Dong Regency Hotel, and was attended by other staff from the consulate. Parish admitted attending the party when he was interviewed by Embassy personnel. Guang Hua, which held the party, sponsored many visa applications at the Embassy. When interviewed, Parish claimed that he did not know that the individuals sponsoring the party were the same individuals who had sponsored visa applications before him.

H. Other Gifts

Beyond these specific examples of Parish receiving gifts and gratuities from parties interested in receiving visas, the Committee has heard extensive evidence that Parish routinely accepted gifts. Chris Hegadorn, one of the junior officers who served under Parish, stated that the junior officers said that Parish's office looked like "a gift shop." The Committee has received one box of gifts from Parish's office, including ties, desk sets, and pen sets. While these gifts appear to be of limited value, we have heard testimony that Parish had more valuable gifts in his office. For example, Chris Hegadorn stated that Parish had a large painting that he received from someone. The Embassy's RSO also stated that he found a pair of cufflinks in Parish's office that he estimated at \$200 in value. (The cufflinks were never produced to the Committee.)

II. PARISH HAD INAPPROPRIATE CONTACTS WITH CHINESE CITIZENS

Once Parish arrived at the Beijing Embassy, he violated Embassy rules regarding contacts with Chinese citizens. At the beginning of Parish's tour, Embassy rules prohibited fraternization with Chinese citizens. Such fraternization included sexual relationships with Chinese citizens. During Parish's tour, the policy was changed to allow fraternization with Chinese, but if an Embassy employee entered into a personal relationship with a Chinese citizen, they were obligated to report it to the RSO.

In his interview with the RSO, Parish admitted to at least one unreported relationship with a Chinese female. (Attachment 8.) Witnesses have told the Committee that Parish frequently spoke of having Chinese girlfriends. Chris Hegadorn and Paul Horowitz, junior officers under Parish, told the Committee that Parish made it clear that he had intimate relationships with Chinese women. (Attachments 9 and 10.) Former COFCO employees interviewed by the Committee also stated that they saw Parish

traveling in the United States with girlfriends to whom he had issued visas for their travel.

As part of his unreported fraternization with local Chinese, Parish traveled to the United States with two Chinese citizens, and even issued their visas for the travel. One of these women, Ting Ji, apparently was a girlfriend, and the other, Liping Yang, was Parish's secretary in Beijing.

Parish also kept in close contact with a number of Chinese students to whom he had issued visas. The State Department produced dozens of e-mails that Parish exchanged with various Chinese students in the U.S. It is unclear why Parish stayed in such close contact with these individuals. However, in at least one instance, Parish helped a student find work in the United States. This student, Hong Zhao, was given a job with BNU in Arizona at the request of Parish. Hong Zhao recently gave Parish a check for \$7,000. (Attachment 11.) When Committee staff interviewed Ms. Zhao, she denied buying a visa from Mr. Parish, and claimed that she was simply repaying Parish for money he had loaned her over the past several years.

III. PARISH ISSUED OUT-OF-DISTRICT VISAS

In an effort to cut down on visa fraud, the Embassy prohibited each of the 5 different consulates in China from issuing visas for Chinese residing in a town outside of its consular district. This prohibition was intended to prevent a Chinese citizen who had been rejected at one consulate from coming to another consulate to get his visa.

Parish was criticized by a number of Embassy personnel for violating this rule. Junior officers under Parish observed that he violated the rule. Apparently, Parish's practice also caught the attention of the Consul General, Arturo Macias, who wrote a memo reproaching Parish for issuing out-of-district visas. (Attachment 12.)

IV. PARISH ISSUED VISAS TO UNQUALIFIED INDIVIDUALS

Parish also issued visas in a number of questionable cases, even when he is not alleged to have received any gifts or gratuities. Parish generally had a reputation as a lenient visa officer who was more likely than other officers to grant a visa. This fact was well known in the Chinese community, and even in the Chinese press. An April 1996 issue of the Beijing Chronicle described the visa issuance process, and contained the following quote:

“How many times have you been here for the visa?” “Is it not easy during these days?” “It depends on which diplomat! The ‘black’ one is easier and it’s hard to say for the ‘white’ one.” (Attachment 13.)

However, there were a number of cases where Parish issued visas to clearly unqualified individuals, for example:

- In December 1995, Parish granted visas to 3 individuals sponsored by LCP International, for business training in the U.S. According to their visa applications, the three worked in the computer industry. However, when they arrived in the U.S., they were questioned by INS officials, who found that they knew nothing about computers. The INS turned all three back to China, since they did not have a legitimate purpose in coming to the U.S. (Attachment 14.)
- Parish issued visas to 26 individuals on December 4, 1995, despite the fact that several of the individuals had what appeared to be altered passports, and did not have proper Chinese identification. These individuals were supposed to be sponsored by LCP International for short-term language training. All of these individuals were refused entry in the U.S. because of their “clear intent to work.” (Attachment 15.)
- Parish issued a visa to Liuping Jiang in December 1995. Jiang was sponsored by LCP International, and was to conduct trade activities in the U.S. on Christmas Day and Christmas Eve. (Attachment 15.)
- Parish issued a visa to Hui Li in late February 1996, despite the fact that he was rejected twice previously by Embassy officials for his clear intent to work in the U.S. When Li reached the U.S., he was denied entry by the INS based on his clear intent to work, and returned to China. (Attachment 15.)

V. PARISH IMPROPERLY KEPT VISA FILES

All of the witnesses from the Embassy that were interviewed by the Committee, indicated that Parish kept an extensive set of visa applications in his office. (Attachments 10, 11, and 17.) Neither Parish’s predecessor nor his successor kept such files. Initially, Parish kept many original visa applications in his office, but this led to frequent complaints from junior officers. As a result, Parish began to keep duplicate files in his office. No one is entirely certain why Parish kept the files. When he was confronted about this practice during an interview by the Embassy’s RSO, Parish claimed that he was keeping them as a way of tracking individuals to whom he had granted visas. Parish told the RSO that he wanted to use these files to make sure that visa recipients returned to China. It is difficult to know if Parish was telling the truth, but it is clear that this practice was highly irregular.

VI. PARISH ROUTINELY OVERTURNED JUNIOR OFFICERS’ VISA DECISIONS

Two of the junior officers that served under Parish told the Committee that Parish routinely overturned decision by junior officers to reject visa applicants. (Attachments 9 and 10.) Chris Hegadorn told us that he would have 3 or 4 decisions overturned each week by Parish, and that other officers suffered the same overturn rate. Parish never provided any rationale to junior officers when he overturned their decisions. The problem with Parish overturning junior officers came to be so egregious that the Embassy

began to require an explanation if Parish overturned a junior officers' decision. According to Paul Horowitz, this change was enacted specifically because of Parish.

VII. FALSE STATEMENTS TO STATE DEPARTMENT INVESTIGATORS

During the investigation of his activities at the Embassy, Parish appears to have been dishonest in answering questions put to him by the Regional Security Officer, Don Schurman. Schurman asked Parish if he had received anything of material value from a party with an interest in receiving a visa. Parish denied that he had ever received anything of value, and disputed the characterization of the birthday party as something of significant value. (Attachment 8.) However, as this report describes, Parish received a number of gifts of material value. In addition, Parish also declined to answer a number of questions, including whether he had failed to report any intimate relationships he had with Chinese citizens, or whether he had a relationship with a woman to whom he then issued a visa.

Second, Embassy documents indicate that Parish attempted to smuggle out potentially incriminating items out of his office after it had been sealed. (Attachment 17.) After his office was sealed, the RSO allowed Parish to take out personal items. Parish piled some books into a bag, but when the RSO inspected the bag, he found that Parish had put a pair of expensive cufflinks and a tie tack into the bag. Parish claimed that they were his, but upon further inspection, the box with the cufflinks contained the card of the Chinese person that had hosted the birthday party for Parish in January 1996. (These items have never been provided to the Committee.)